

Message Text

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PAGE 01 TEHRAN 10611 301402Z

46

ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 OPIC-03

XMB-02 PRS-01 PA-01 EA-07 EUR-12 /115 W

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R 301259Z OCT 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4116

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E.O. 11652: N/A

TAGS: EINV, ENRG, IR

SUBJ: GOI FOREIGN EQUITY POLICY

REFS: A) TEHRAN 10032 B) STATE 236780

1. QUESTION IN REF B POSED AN INTERESTING ISSUE WHICH, IT TURNS OUT, HAS NOT YET BEEN ADDRESSED WITHIN THE GOI. EMBASSY INITIALLY CONTACTED NIOC AND NPC, INCLUDING THEIR LEGAL ADVISORS, AND WAS TOLD THEY HAD NEVER BEEN CONTACTED BY MINISTRY OF ECONOMIC AFFAIRS AND FINANCE (MEAF) OR ANYONE ELSE IN GOI CONCERNING IMPLICATION FOR THEM OF THE EQUITY PARTICIPATION POLICY DESCRIBED IN REFTEL A. THESE ENTITIES WERE OPERATING ON ASSUMPTION THAT PROVISIONS OF PETROLEUM LAW STILL APPLIED -- I.E., PERMITTING NIOC AND AFFILIATES TO FOR JOINT VENTURES UP TO 50 PERCENT EQUITY.

2. WHEN QUERIED ON THIS POINT, DR. AHMAD KOOROS, MEAF UNDER SECRETARY KNOWLEDGEABLE ON THIS EQUITY POLICY, ADMITTED TO EMBOFF THAT THE IMPLICATION OF THE NEW JOINT VENTURE EQUITY PARTICIPATION POLICY FOR THE PETROLEUM SECTOR HAD NOT BEEN CONSIDERED.

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PAGE 02 TEHRAN 10611 301402Z

HIS INITIAL REACTION WAS THAT THERE WOULD BE NO EXEMPTIONS FROM

THE PERCENTAGE EQUITY CEILING ENUMERATED IN REF A, BUT HE SAID HE WOULD PURSUE THE MATTER AND PROVIDE THE EMBASSY WITH A DEFINITIVE RULING.

3. UNTIL EMBASSY RECEIVES AND REPORTS CLARIFICATION IT IS SUGGESTED THAT RESPONSE TO ANY INQUIRY BE DEFERRED. KOOROS SAID HE KNEW OF NO PENDING JOINT VENTURE APPLICATION IN THE PETROLEUM SECTOR, EXPLAINING IN PART WHY THE ISSUE HAD NOT BEEN ADDRESSED BY MEAF. JAPANESE PARTNERS IN LARGE IRAN-JAPAN PETROCHEMICAL CO., HOWEVER, ARE CONCERNED ABOUT OUTCOME, AS ARE SOME OTHER FOREIGN PARTNERS IN EXISTING JOINT VENTURES. NIOC WILL UNDOUBTEDLY POINT OUT TO MINISTRY THAT SUCH MULTI-NATIONAL VENTURES AS KALINGAS AND EL PASO/DISTRIGAZ PROJECT WOULD BE IMPOSSIBLE OTHER THAN ON 50-50 EQUITY BASIS.
HELMS

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Message Attributes

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